

Message Text

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20

ACTION STR-04

INFO OCT-01 EA-09 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04

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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 4336

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UNCLAS SINGAPORE 0222

PASS STR

E.O. 11652: N/A

TAGS: ETRD, MTN, SN

SUBJECT: GSP FOLLOWUP

REFS: (A) STATE 289331 (B) SINGAPORE 2009

TEXT OF MINISTER OF FINANCE HON SUI SEN'S REPLY OF JANUARY 14
TO AMBASSADOR DENT'S LETTER (REF A) FOLLOWS (ORIGINAL AND COPY
OF COVERING LETTER TO AMBASSADOR HOLDRIDGE BEING POUCHED TO EA/
IMS FOR FORWARDING TO STR):

1. YOUR LETTER OF JANUARY 2 SETS AN ENCOURAGING TONE TO BEIN
THE YEAR OF 1976. THE US GSP COMPARES FAVORABLY VIS-A-VIS
THE SCHEMES OF OTHER DONOR COUNTRIES, AND CERTAINLY PROVIDES
OPPORTUNITIES FOR AN EXPANSION OF EXPORTS OF SINGAPORE MANU-
FACTURED GOODS TO THE US MARKET.

2. I WOULD LIKE TO RECORD MY APPRECIATION REGARDING THE SYM-
PATHETIC CONSIDERATION ACCORDED BY THE UNITED STATES TO SINGAPORE'S
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UNIQUE ROLE IN ENTREPOT TRADE. THE REVISED GSP CUSTOMS REGU-

LATIONS REGARDING SHIPMENTS THROUGH A FREE TRADE ZONE (FTZ) IS AN IMPORTANT ADJUSTMENT TO ACCOMMODATE SINGAPORE'S INTEREST. ALTHOUGH THE ARRANGEMENT IS UNDOUBTEDLY A STEP IN THE RIGHT DIRECTION, MY OFFICERS, WILL, HOWEVER, HAVE TO LOOK FURTHER INTO THIS TO ASCERTAIN TH EXTENT TO WHICH SUCH AN ARRANGEMENT COULD ACCOMMODATE OUR ENTREPOT ROLE.

3. THERE ARE A FEW POINTS WHICH I HOPE YOU WILL PERMIT ME TO MAKE ON THE OTHER ASPECTS OF THE SCHEME. A NUMBER OF PRO-DUCTS OF EXPORT INTEREST TO SINGAPORE HAVE UNFORTUNATELY BEEN EXCLUDED FROM THE SCHEME. THESE INCLUDE COLOUR TV TUBES, LUGGAGE AND HANDBAGS, STAINLESS STEEL KNIVES, WATCHES AND CLOCK MOVEMENTS. THERE IS ONE ITEM WHICH DESERVES SPECIAL MENTION HERE, NAMELY, BALL-BEARINGS. REGRETTABLY, MY GOVERNMENT'S REQUEST FOR THE INCLUSION OF THIS ITEM IN THE SCHEME HAS, AS YOU KNOW, PROVED UNSUCCESSFUL.

4. THE TRADE ACT OF 1974 ALLOWS BENEFICIARIES OF AN ASSOCIATION OF COUNTRIES TO BE RECOGNIZED AS ONE COUNTRY UNDER SECTION 502(A) (3). HOWEVER, THE 35 PER CENT ADDED VALUE REQUIREMENT IS INCREASED TO 50 PERCENT. IN ADDITION, THE COMPETITIVE NEED CRITERIA IS APPLIED TO THE ASSOCIATION AS TO A SINGLE BENEFICIARY. I AM GIVEN TO UNDERSTAND THAT IF US IMPORTS OF A PRODUCT FROM THE BENEFICIARY MEMBERS OF AN ASSOCIATION EXCEED US\$25 MILLION OR 50 PER CENT OF US TOTAL IMPORTS OF THE PRODUCT, PREFERENTIAL TREATMENT FOR THE PRODUCT WILL BE TERMINATED FOR ALL MEMBERS OF THE GROUP. THESE ASPECTS OF THE ACT MAY DETER AN ASSOCIATION SUCH AS THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) FROM SEEKING REGIONAL CUMULATIVE TREATMENT.

5. I SHARE YOUR VIEW THAT THE GSP PROGRAMMES OF DEVELOPED COUNTRIES HAVE THEIR LIMITATIONS AND THAT THE MULTILATERAL TRADE NEGOTIATIONS WILL OPEN THE WAY FOR A GREATER VOLUME OF INTERNATIONAL TRADE THROUGH REDUCTION OF TARIFF AND THE REDUCTION OR REMOVAL OF NON-TARIFF BARRIERS. I AM HEARTENED TO LEARN THAT THE US GOVERNMENT HAS MADE 1977 THE TARGET YEAR FOR THE CONCLUSION OF THE MULTILATERAL TRADE NEGOTIATIONS.

6. LIKE MANY DEVELOPING COUNTRIES, SINGAPORE IS DISAPPOINTED AT THE UNCLASSIFIED

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RATHER SLOW PACE WITH WHICH THE PRESENT ROUND OF TRADE NEGOTIATIONS IS PROCEEDING AND EFFORTS ON THE PART OF PARTICIPATING COUNTRIES TO START SERIOUS NEGOTIATIONS WITH A VIEW TO THE EARLY CONCLUSION OF THE MTN ARE WELCOMED BY SINGAPORE.

7. ON BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE, MAY I CONVEY MY SINCERE WISH THAT THE US GSP WILL FURTHER FOSTER TIES BETWEEN THE UNITED STATES AND SINGAPORE AND THAT

1976 WILL SEE CLOSER COOPERATION BETWEEN ALL PARTIES CONCERNED
TO BRING GREATER ACHIEVEMENTS ON THE MULTILATERAL TRADE
NEGOTIATIONS.
HOLDRIDGE

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NNN

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